



Civil Service Commission
Employee Benefits Division



State of Michigan

Flexible Spending Open Enrollment

Reduce Your Taxable Income & Save Money! Enroll in Flexible Spending Accounts

Open Enrollment is November 1, 2007 - November 29, 2007

The Flexible Spending Accounts Open Enrollment for the 2008 calendar year begins **November 1, 2007, and ends November 29, 2007.**

Flexible Spending Accounts (FSA) are an important component of your benefits package.* **The accounts let you pay for dependent care and eligible out-of-pocket health care expenses with pre-tax dollars, thereby reducing your taxable income.**

Flexible Spending Accounts are convenient and easy to use. With a little up-front planning, you can enjoy significant tax savings while paying for a wide array of out-of-pocket health care and dependent care expenses.

The 2008 Flexible Benefits Plan Booklet contains the information you need to determine if you want a **Health Care** and/or **Dependent Care** Spending Account. It also explains how to establish and use your account.

This booklet, calculators, and additional questions and answers are available on-line at www.michigan.gov/mdcs. Click 'Employee Benefits' from the left menu, then select 'Flexible Spending'.

All enrollments must be completed in your MI HR Self-Service account at www.michigan.gov/selfserv.

If you do not have access to the Internet or you need assistance enrolling, please contact the MI HR Service Center at (877) 766-6447 (toll free) or (517) 335-0529.

Important!

Enrollment is required if you wish to continue flexible spending for the 2008 year, even if you are currently participating this year.

Please contact the ADP Participant Solution Center at (800) 422-3703, Monday through Friday, 8:00 a.m. to 8:00 p.m., for information or questions regarding eligible expenses or the reimbursement process.

You may access a copy of the Plan Booklet on-line at the Employee Benefits website. Please take time to review the Plan Booklet as it contains important information regarding your account.

* Non-career and SPS employees are not eligible for this benefit.

Two Easy Ways to Enroll!

On-line in MI HR Self-Service

www.michigan.gov/selfserv

By phone through the MI HR Service Center

Lansing Area (517) 335-0529
Toll Free: (877) 766-6447
TDD: (517) 241-8046

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Two Types of Flexible Spending Accounts

A **Health Care Spending Account** can save you money on eligible out-of-pocket health care expenses, such as doctor office co-pays, dental and orthodontia co-pays, prescription co-pays, health insurance deductibles, vision expenses not covered by insurance, and some over-the-counter drugs such as cold and allergy medications, pain relievers and antacids.



A **Dependent Care Spending Account** can be used to pay for childcare expenses while you or your spouse are at work, looking for work, or are at school; for local day camp; and for care expenses for any incapacitated person you are eligible to claim on your income taxes.

Important Information About Flexible Spending Accounts

-  ADP, Inc. administers the FSA accounts on behalf of the State of Michigan. You will submit your claims using ADP forms. Copies of ADP forms are available on-line at www.michigan.gov/mdcs. Click 'Employee Benefits' from the left menu, then select 'Forms'.
-  **New!** - If you were enrolled in a Health Care Spending Account for the 2007 plan year, please keep your current card as a new card will not be sent to you.
-  All new Health Care Spending Account participants will automatically receive an ADP Health Care debit card free of charge. You do not need to order or pay for a 2008 debit card. You can use your Health Care debit card like a credit card to pay your eligible expenses. The payment will be made directly from your Health Care Spending Account instead of paying cash and then requesting and waiting for reimbursement.
-  2008 participants will have until April 15, 2009, to submit 2008 calendar year claims to ADP.
-  Your Health Care debit card can be used for mail order prescriptions.
-  You can access your account on the ADP website at <https://www.flexdirect.adp.com/mifsa/> using your employee ID and password.
-  The Internal Revenue Service (IRS) allows you to use any leftover dollars in your account by March 15th of the following year. Details about the grace period can be found on page 3 of this brochure and in the 2008 Plan Booklet on the Employee Benefits website.
-  Once the plan year has begun, you cannot change your deduction amount unless you have a valid life event as specified by IRS Regulations.
-  IRS Regulations state that any money remaining in your account after the deadline for submission of reimbursement claims must be forfeited, so calculate your anticipated expenses carefully.
-  You can use your entire Health Care Spending Account annual election amount from the first day of the benefit year, even before all contributions have been made. This does not apply to the Dependent Care Spending Account.
-  Log into MI HR Information at www.michigan.gov/selfserv for more information about Flexible Spending Accounts. MI HR Information has details about account eligibility, tax implications, contributions, and claims.

Grace Period Questions & Answers

Internal Revenue Service Notice 2005-42 permits a **grace period** of 2 months and 15 days following the end of each plan year during which unused contributions in either your Health Care or Dependent Care Spending Account may be reimbursed for qualified expenses **incurred** during the grace period.

This means that since the State of Michigan's 2008 Spending Account plan year will end on December 31, 2008, you may incur qualified expenses through March 15, 2009, and use any remaining funds from your 2008 plan year account, as long as you are an active participant in the Health Care or Dependent Care Spending Account on December 31, 2008. If you are no longer employed with the State of Michigan on December 31, 2008, you may choose to continue participating in your Health Care Spending Account by paying your contributions through COBRA. Your Dependent Care Spending Account cannot be continued through COBRA.

The grace period should not be confused with the **run-out period**, which is the period during which you may submit claims for reimbursement out of your prior plan year's account. The State of Michigan's run-out period ends on April 15, 2009. This means that you will have until April 15, 2009, to submit claims for reimbursement for expenses for the 2008 plan year and any claims incurred during the grace period.

Note: Current 2007 participants will have until March 15, 2008, to incur eligible expenses for the 2007 plan year. The deadline for claims submission for 2007 expenses is April 15, 2008.

How should I calculate my future annual contributions for my flexible spending accounts?

You should continue to use *only the calendar year (12 months)* for calculating expenses for your flexible spending accounts. The grace period is intended to provide a safety net for you only if you have not incurred all of your anticipated expenses during the previous plan year.

What happens if I do not submit my reimbursement claim for the prior plan year by April 15?

If a reimbursement request is not submitted by the April 15 deadline for the prior year's account, funds you have contributed will be forfeited.

Grace Period Examples for 2007 Plan Participants (January 1, 2008, through March 15, 2008)

Example 1

You have \$200 remaining in your 2007 Health Care or Dependent Care Spending Account. You enrolled for \$1,000 for the 2008 plan year. You incur a \$300 eligible expense on 1/20/08. You pay for the service and submit a Claim Reimbursement Request form to ADP. ADP will reimburse you \$300 of the claim from your 2008 account and then, after April 15, 2008, ADP will replenish your 2008 account with the \$200 remaining in your 2007 account. This is true if you send in a hard copy claim or, in the case of the Health Care Spending Account, if you use your Health Care Debit Card.

Example 2

You have a balance in your 2007 Health Care or Dependent Care Account and are not enrolled in the Flexible Spending Accounts in 2008. You will be able to incur eligible expenses through March 15, 2008. You must pay for those expenses and then submit the ADP Reimbursement Request Claim form with the necessary required documentation to ADP by April 15, 2008.* You will then be reimbursed for those expenses up to the balance(s) remaining in your 2007 account(s).

*Please note that if you were enrolled in the 2007 Health Care Spending Account, but are not enrolled in the Health Care Spending Account for 2008, your Health Care Debit Card will be turned off December 31, 2007.

**State of Michigan
MI HR Service Center**

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Toll Free: (877) 766-6447

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(517) 241-8046

Fax: (517) 241-5892

**MI HR Self-Service
and MI HR Information**

www.michigan.gov/selfserv

How Do I Enroll?

Enrollment can be completed in your MI HR Self-Service account at www.michigan.gov/selfserv. After logging into your account, click the 'Flexible Spending' link on the left to access links to Flexible Spending plan information and instructions on how to enroll.

If you do not have access to the Internet or need assistance enrolling, contact the MI HR Service Center to enroll by telephone, Monday through Friday from 7:00 a.m. to 6:00 p.m. by calling the phone number on the left side of this page.



Access to your MI HR Self-Service account is available seven days a week via the Internet/intranet, except during regularly scheduled maintenance. The maintenance schedule can be viewed on the MI HR Gateway page at www.michigan.gov/selfserv.

If you have lost or forgotten your MI HR Self-Service password, you can reset it at www.michigan.gov/selfserv by selecting the 'Password Help' link, or e-mail Self-Serv-Support@michigan.gov.

Flexible Spending Open Enrollment Checklist

- Review the 2008 Flexible Benefits Plan Booklet for plan information and changes.
- Carefully calculate what your Health Care Spending and/or Dependent Care expenses will be for 2008. OR, if you already know your 2008 contribution, calculate your bi-weekly deductions using the formula below.
$$\begin{array}{rcccl} \$ & \underline{\hspace{2cm}} & \div & \underline{\hspace{2cm}} & = & \$ \underline{\hspace{2cm}} \\ \text{total contribution for 2008} & & \text{number of desired pay periods} & & & \text{bi-weekly amount} \\ \text{(not to exceed plan maximums*)} & & \text{(up to 26)} & & & \text{(\$2 minimum)} \end{array}$$
- Complete enrollment on-line in MI HR Self-Service **OR** contact the MI HR Service Center for assistance.
- Print and retain your confirmation statement. Confirmation statements for enrollments completed through the MI HR Service Center will be mailed to your home address on record. Please be sure your address is correct.
- Review your January 10, 2008, payroll earnings statement to ensure that your Flexible Spending deductions were taken.

* Information on plan maximums is available in the 2008 Plan Booklet.

If you need assistance, please contact the MI HR Service Center.

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